



Economic Impact Analysis Virginia Department of Planning and Budget

12 VAC 5-90 – Regulations for Disease Reporting and Control
Department of Health (State Board of)
May 11, 2007

Summary of the Proposed Regulation

The proposed regulations will require acute care hospitals to report central line-associated blood stream infections in adult intensive care units to the National Healthcare Safety Network system maintained by the federal Centers for Disease Control and Prevention and also allow the Board of Health (the Board) to access reported data which will be released to the public if requested.

Result of Analysis

There is insufficient data to accurately compare the magnitude of the benefits versus the costs. Detailed analysis of the benefits and costs can be found in the next section.

Estimated Economic Impact

Section 32.1-35.1 of the Code of Virginia mandates that the acute care hospitals report nosocomial (healthcare-associated) infections to the Centers for Disease Control and Prevention's National Healthcare Safety Network and release their infection data to the Board which in turn may release the data to the public if requested. The legislative mandate requires the Board to determine the types of infections to be reported and the patient populations to be included. The Board proposes to require acute care hospitals to report central line-associated blood stream infections in adult intensive care units.

According to Centers for Disease Control and Prevention, National Healthcare Safety Network's National Nosocomial Infection System (NNIS) was developed in the early 1970s to track healthcare-associated infections and has been a voluntary reporting system. The number of hospitals voluntarily reporting to NNIS has grown from 60 at inception to 300 today. The

proposed regulations will require Virginia acute care hospitals to report to already existing NNIS.

According to Virginia Department of Health (VDH), of the approximately 80 hospitals that will start reporting, about six have already been voluntarily reporting data to NNIS. Also, VDH indicates that most hospitals already collect data on these types of infections. Because the proposed regulations will require reporting of already existing data to NNIS and because some hospitals have already been reporting voluntarily, the compliance costs of the proposed regulations are expected to be minimal.

The administrative costs of the proposed regulations to VDH are also expected to be minimal. The retrieval of data reported to NNIS and dissemination of the same data to public if requested is expected to take no more than two staff person days every quarter. While the verification of data could be somewhat costly, VDH does not plan to verify the accuracy of data reported due to lack of funding.

Despite the low compliance costs to the hospitals and to VDH, it is not clear whether the proposed regulations will produce net benefits. This is because the benefits that can be expected from the proposed reporting requirements appear to be minimal as well.

In the absence of data verification, it is unclear how the proposed reporting requirements could be effectively enforced. Also, due to litigation concerns, hospitals already have strong incentives to minimize the number of infections occurs at their facilities. Given already existing strong incentives to minimize infections, it is unclear whether reporting would be an effective way to reduce infections at the margin. Furthermore, according to VDH, probably the most important factor affecting the number of infections is whether a hospital has an infection control program in place or not. Because the proposed requirements do not directly encourage establishment of infection control programs where they do not exist or they do not channel additional resources to existing infection control programs, the economic benefits are expected to be small.

In short, the compliance costs appear to be minimal, but so are the likely effectiveness and benefits of the proposed reporting requirements in reducing the healthcare-associated infections. Given the significant uncertainties over the effectiveness of infection reporting in reducing the number of infections, the proposed low-cost regulatory design is probably an

optimal way to meet the legislative mandate for promulgating a healthcare-associated infection reporting system in the Commonwealth.

Businesses and Entities Affected

The proposed regulations will require approximately 80 acute care hospitals to report healthcare-associated infection data to the Board.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

The proposed regulations are not likely to have any significant effect on employment, but may increase the labor demand by VDH and some hospitals by a very small amount in order to report and retrieve healthcare-associated infection data.

Effects on the Use and Value of Private Property

The proposed regulations are not expected to have any significant effect on the use and value of private property. However, if requested VDH will make infection data available to public. Depending on whether the infection data is favorable or not, some hospitals may see a decrease or increase in the demand for the healthcare services they are offering.

Small Businesses: Costs and Other Effects

The hospitals that will be affected by the proposed regulations are unlikely to fit the criteria for a small business. If any particular hospital may be considered as small business, the costs and other effects discussed in this report would be the same.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed regulations are unlikely to affect small businesses.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or

other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.